

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 OES-07 ERDA-05 NRC-05 ACDA-07
EB-07 COME-00 TRSE-00 AID-05 /111 W
-----062338Z 060007 /12

R 061745Z MAY 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8076
INFO AMEMBASSY COLOMBO
AMEMBASSY JAKARTA
AMEMBASSY NEW DELHI
AMEMBASSY SINGAPORE
AMEMBASSY MOSCOW
AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USLO PEKING
AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 01 OF 02 BONN 07920

E.O. 11652: GDS
TAGS: PFOR, GW, IN, CE, ID, SN
SUBJECT: GENSCHER TRIP TO THE SUBCONTINENT AND SOUTHEAST
ASIA

REFS: (A) BONN 6159; (B) SINGAPORE 1788; (C) JAKARTA
5586; (D) JAKARTA 5667; (E) COLOMBO 1516; (F) NEW DELHI
6362; (G) SINGAPORE 1915

SUMMARY: THE BRIEFING WE HAVE RECEIVED FROM THE
FOREIGN OFFICE ON FOREIGN MINISTER GENSCHER'S TRIP TO
INDIA, SRI LANKA, INDONESIA, AND SINGAPORE PARALLELED
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CLOSELY THE EXCELLENT REPORTING IN THE REFTELS.
OFFICIALS WHO ACCOMPANIED GENSCHER STRESSED THAT THE
TRIP HAS HAD LIMITED IMMEDIATE RESULTS, BUT WAS A
VALUABLE EXERCISE IN THAT IT GAVE GENSCHER PERSONAL
EXPOSURE TO THE AREA AND UNDERLINED THE FRG'S INTEREST
IN THE SUBCONTINENT AND SEA. END SUMMARY.

1. INDIA: GENSCHER CAME AWAY FROM NEW DELHI CONVINCED THAT THE WEST CANNOT EXPECT DRAMATIC CHANGES IN INDIAN FOREIGN POLICY, BUT WHAT CHANGE THERE WILL BE WILL BENEFIT THE WEST. PRIME MINISTER DESAI, WHO STRESSED THE MORAL AND ETHICAL ASPECTS OF POLITICS, TOLD GENSCHER THAT INDIA'S FRIENDSHIPS NEED NOT BE MUTUALLY EXCLUSIVE. WHILE INDICATING NO BASIC POLICY CHANGE, DESAI TOLD GENSCHER THAT MRS. GHANDI'S PERSONAL AFFECTION FOR THE USSR WILL BE CORRECTED. DEFENSE MINISTER RAM INDICATED HE FAVORS NO REAL CHANGE IN INDIA'S FOREIGN POLICY. THE GERMANS CONCLUDED THAT INDIA'S DEPENDENCE ON SOVIET ARMS, AS WELL AS IDEOLOGICAL RESERVATIONS ABOUT THE WEST DATING BACK TO THE COLONIAL ERA, PLAY A LARGE ROLE IN DETERMINING RAM'S THINKING.

2. GENSCHER WAS VERY FAVORABLY IMPRESSED BY FOREIGN MINISTER VAJPAYEE. HE BELIEVES THAT VAJPAYEE MAY WELL BE THE "COMING MAN" IN INDIA. VAJPAYEE TOLD GENSCHER THAT INDIAN FOREIGN POLICY WILL BE ONE OF "TRUE NON--ALIGNMENT." IN ORDER TO ACCOMPLISH THIS, CERTAIN TILTS WILL BE CORRECTED. GENSCHER CONCLUDED THAT VAJPAYEE WILL BE PERHAPS THE STRONGEST FORCE WORKING FOR A POLICY CHANGE. HE WILL BE OPPOSED TO SOME EXTENT, IN OUR SOURCE'S OPINION, BY THE SENIOR CIVIL SERVICE, WHICH IS RECOMMENDING THAT THERE BE NO LARGE SWING OF THE PENDULUM IN FOREIGN POLICY.

3. ON SPECIFIC ISSUES: THE INDIAN LEADERS TOLD
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GENSCHER THAT THEY ARE BEWILDERED ABOUT LONG TERM CHINESE AIMS. THEY NOTE THAT CHINESE PROPAGANDA AGAINST INDIA HAS DECREASED, BUT DO NOT KNOW WHAT THIS MEANS. THEY ALSO TOLD TH GERMANS THAT INDIA'S POLICY TOWARD BANGLADESH IS NOW MUCH MORE FORTHCOMING AND POINTED TO RESOLUTION OF THE FARAKKA CONTROVERSY ARAHDENCE. INDIA WI LL CONTINUE TO WORK TOWARD NORMAL RELATIONS WITH PAKISTAN.

4. NUCLEAR AFFAIRS. ACCORDING TO OUR SOURCE, THERE WAS NO CONVERSATION REGARDING NUCLEAR COOPERATION BETWEEN THE FRG AND ANY COUNTRY ON GENSCHER'S ITINERARY, INCLUDING INDIA. IN INDIA GENSCHER WAS TREATED TO A RATHER BITTER CRITICISM OF U.S. NUCLEAR POLICY. VAJPAYEE WAS ESPECIALLY ARTICULATE IN ARGUING THAT INDIA WILL NEVER ACCEPT SECOND CLASS STATUS IN NUCLEAR AFFAIRS. THE FOREIGN MINISTER ADDED THAT, IN SPITE OF HIS PAST VIEWS, HE NOW BELIEVES THAT INDIA DOES NOT NEED THE BOMB. THE FRG DELEGATION CAME AWAY

WITH THE CONCLUSION THAT INCLUSION OF INDIA IN
THE SUPPLIERS AGREEMENT AND SIMILAR ARRANGEMENTS
WOULD MEET MOST OF INDIA'S OBJECTIONS TO IMPOSED
DECISIONS.

5. VIETNAM: GENSCHER FOUND THE LEADERSHIP IN BOTH

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 07920

INDONESIA AND SINGAPORE TO HAVE AMBIVALENT ATTITUDES
TOWARD VIETNAM. FOREIGN MINISTER MALIK, FOR EXAMPLE,
SAID THAT THE WEST MUST WALK A TIGHTROPE BETWEEN BEING
TOO FORTHCOMING TOWARD VIETNAM OR DRIVING VIETNAM INTO
ISOLATION. IN SINGAPORE, PRIMEMINISTER LEE
KUAN YEW ADVOCATED AID TO VIETNAM SO THAT THE WEST
CAN GAIN AN ECONOMIC HOLD OVER THE COUNTRY.

6. ARMS SALES: OUR FOREIGN OFFICE SOURCE DENIED THAT THE QUESTION OF GERMAN ARMS SALES AROSE AT ANY STOP. CONFIDENTIAL

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7. SINGAPORE: OUR SOURCES INDEPENDENTLY CONFIRMED INFORMATION IN SINGAPORE 1915 THAT GENSCHER AND LEE ESTABLISHED EXCELLENT PERSONAL RAPPORT. GENSCHER WAS MOST IMPRESSED BY THE PRIME MINISTER. LEE USED HIS MEETING WITH GENSCHER TO REVEAL DETAILED KNOWLEDGE OF BOTH POLITICAL AND ECONOMICAL WORLD EVENTS.

8. THE EC: OUR SOURCES CLAIM THAT GENSCHER FOUND A DEEP INTEREST IN INCREASED POLITICAL EXCHANGES WITH THE EC. THE LEADERS TO WHOM HE TALKED EMPHASIZED THAT THEIR INTEREST IS NOT CONFINED TO COMMERCIAL MATTERS. THEY ADVOCATED CARRYING OUT POLITICAL EXCHANGES THROUGH DIVERSE CHANNELS: ASEAN, BILATERALLY, AND BY CONSULTATIONS PRIOR TO MAJOR INTERNATIONAL CONFERENCES SUCH AS CIEC.

9. THE LARGE ECONOMIC DELEGATION WHICH ACCOMPANIED GENSCHER AND WHICH CONSISTED FOR THE MOST PART OF PRIVATE BUSINESSMEN, DID NOT DO MUCH BUSINESS. THE BUSINESSMEN WERE ALREADY ESTABLISHED IN THE AREA. THEY USED THE ACCESS THEY GAINED THROUGH GENSCHER TO THE LEADERSHIP OF THE HOST GOVERNMENT TO EXPRESS THEIR INTEREST IN CERTAIN REGULATORY AND LEGAL CHANGES WHICH WOULD FACILITATE THEIR INVESTMENT IN OR TRADE WITH THESE COUNTRIES. GENSCHER USED THESE MEETINGS TO UNDERLINE HIS BELIEF THAT THE WEST CANNOT MEET THE NEEDS OF THE THIRD WORLD FOR CAPITAL ASSISTANCE THROUGH AID PROGRAMS. IT IS, THEREFORE, NECESSARY FOR THE THIRD WORLD TO CREATE A FAVORABLE ENVIRONMENT FOR PRIVATE INVESTMENT.

10. DESAI OUTLINED HIS ECONOMIC GOALS IN THE PRESENCE OF GERMAN BUSINESSMEN. HOWEVER, HIS EMPHASIS ON "COTTAGE INDUSTRY" AND AGRICULTURE WAS NOT MATCHED BY THE INDIAN CIVIL SERVANTS AND BUSINESSMEN WITH WHOM CONFIDENTIAL

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MEMBERS OF THE GERMAN DELEGATION ALSO TALKED. THE OVERALL IMPRESSION LEFT WAS THAT THE BUSINESS CLIMATE IN INDIA WOULD IMPROVE BUT NO GREAT CHANGES IN

ECONOMIC POLICY WOULD BE MADE.

11. IN BONN DURING FRG-INDIAN AID NEGOTIATIONS, THE INDIANS HAD PUSHED HARD FOR DEBT RELIEF. DEBT REPAYMENTS TO FRG NOW TOTAL DM 300 MILLION ANNUALLY WHILE THE NEW AID AGREEMENT CALLS FOR DM 330 MILLION IN NEW AID. THE GERMANS TOLD THE INDIANS TO LOOK TO THE CIEC "ONE TIME" DEBT RELIEF PROPOSAL OF THE EC FOR ASSISTANCE AND PROMISED NO BILATERAL DEBT HELP.

12. IN COLOMBO, MRS. BANDARANAIKE REPORTEDLY PROMISED GENSCHER THAT THE NEW FOREIGN INVESTMENT LAW WILL BE FINALIZED AFTER THE UPCOMING ELECTIONS. NOTHING COULD BE DONE IN ADVANCE. FINANCE MINISTRY OFFICIALS ALSO EXPRESSED AN INTEREST IN PROMOTING JOINT VENTURES. THE GERMAN BUSINESS DELEGATION WAS VERY INTERESTED IN THESE STATEMENTS SINCE GERMAN ACTIVITY HAS BEEN VERY RESTRICTED IN SRI LANKA TILL NOW.
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